Streamlined Sales Tax Audit Committee Progress Report

To: Streamlined Sales Tax Governing Board

From: Bruce Christensen, Chair of the Audit Committee

Date: June 9, 2008

1.) The SST Audit Committee met in St. Paul, Minnesota June 3 & 4, 2008. A total of 21 people were in attendance with 13 states represented.

2.) Next meeting of the SST Audit Committee will be October 27 & 28, 2008 (Monday & Tuesday) in Nashville, Tennessee at the Tennessee Department of Revenue, Andrew Jackson Building.

3.) We reviewed and discussed changes made to Appendix F. The Audit Committee will send our final version to Certification Committee to be finalized.

4.) The committee discussed with the core team members the contract compliance audit completed on CSPs and how to improve for the future. We will need to establish a better communication system between core team members and state representatives.

5.) The Audit Committee reviewed the requirements of a CAS and Model 2 Seller. We reviewed the role or responsibilities for a Core Team under the CAS contract and how to audit Model 2 Sellers. One of our goals is to have a recommend audit guideline for state to follow when conducting a tax compliance audit on a Model 2 Seller.

6.) The audit committee is recommending that when a state completes the tax compliance audit portion of the CSP audit of the Model I Sellers that a formal letter is sent to the CSP even if the state does not have any finding in order to provide closure of the audit.

7.) The Audit Committee setup a number of work groups to create an audit program for the core team to follow in a CSP audit, develop questionnaires for a CAS audit, recommend audit procedures for audits of Model 2 sellers by the states, review progress on the audit manual and review the audit rule to see if modifications are needed.